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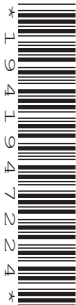
Wednesday 14 May 2025 – Morning

A Level Business

H431/01 Operating in a local business environment

Resource Booklet

Time allowed: 2 hours



INSTRUCTIONS

- Use this Resource Booklet to answer the questions in **Section B**.
- You can write on this Resource Booklet but it will **not** be sent for marking.

INFORMATION

- The business described in this Resource Booklet is a **real** business.
- This document has **4** pages.

Shanti's Sewing Limited (SSL)

Shanti's Sewing Limited (SSL) offers all types of tailoring work including repairs, resizing, and restyling. It specialises in the alteration of formal clothing such as wedding dresses and suits. It is owned and run by Shanti Gill. "We can do just about anything," she says. "And with a repair or a resize you'd need to look very hard to notice we'd done it."

Shanti was made redundant when her employer closed down during the Covid pandemic. SSL was established in 2021. In her words, "I decided to have a go at running my own business. After all, I've been sewing all my adult life." 5

SSL operates from one of several small units offered by the local council for businesses to rent on an industrial estate near Preston. There are two similar tailoring businesses within a five-mile radius of SSL. Shanti knows that they sometimes subcontract work to each other. 10

Shanti describes a typical day as, "Dealing with all the administration such as invoices, although I still spend as much time as possible sewing; it's the work I really love."

Initially she decided to offer low prices on all of SSL's services. However, it soon became obvious that, with household incomes recovering from the pandemic, fewer people were willing to pay to repair an item of clothing when they could buy a new one from a discount retailer. Therefore, she decided to change her policy and target a different market segment. SSL now specialises in high quality repairs and alterations to expensive clothing. It has an excellent reputation for these services and customers are prepared to pay a premium price. 15

Customers pay 50% of the price of all work in advance. Shanti has a good relationship with her suppliers who will typically allow her 28 days to pay. As a result, SSL rarely has issues with cash-flow. 20

Shanti is still very pleased to accept simple clothing alterations and repairs, since these are usually straightforward. For example, the average price for a repair is £16.50. Over the last two years the number of these has steadily grown. "Currently we do 30 of these repairs a month," says Shanti. "This work makes a nice little addition to our revenue." She thinks this figure might grow by 20% over the next 12 months. 25

Shanti admits that pricing can sometimes involve a bit of guesswork. Therefore, she has collated some past data so she can calculate price elasticity of demand (**see Table 1**).

Table 1
Demand for simple clothing alterations at various prices

Price (£)	22	20	18	16
Customer demand per month	15	18	22	26

Customers will typically buy a formal outfit, such as a suit or wedding dress, in a standard size and design. Then they will have it altered by a business, such as SSL, to meet their exact requirements. This work can be very time consuming because a customer might return more than once for a fitting – followed by further alterations. Summer weddings are very popular and so the demand for this sort of work tends to increase around May. 30

Shanti has three employees who are all able to perform any of SSL's services. They are all creative and artistic. When doing specialist alterations, they will not only consider a customer's measurements but also assess other factors such as posture. All employees have been with SSL since it was established. They are paid an hourly pay rate and are usually willing to work 35

overtime, that is paid at 1.5 times their standard rate. “They are excellent. I’d hate to lose any of them,” Shanti says. “I’m considering introducing some sort of appraisal method linked to a bonus.”

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Unsurprisingly, the employees prefer to take their longest holiday in the summer months. This puts pressure on meeting the deadlines for altering formal clothing, as well as impacting what other work SSL can accept. Shanti is particularly keen to accept work on wedding clothing because it is so profitable. It also generates good word-of-mouth publicity.

So far SSL has never failed to complete any alteration on time, but this coming summer two employees have each requested to take three weeks of their annual holiday entitlement during July. This, along with the general growth of SSL’s work, means that Shanti can foresee potential problems.

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She has been analysing some data relating to the demand for wedding dress and suit alterations so she can try to decide how to respond to the holiday requests (see Table 2).

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Table 2

Data for wedding dress and suit alterations (May to September, 2023 and 2024)

Month	Number of wedding dress and suit alterations	Three-period total	Three-period moving average (rounded)
May 2023	12		
June 2023	29	80	27
July 2023	39	90	30
August 2023	22	70	23
September 2023	9		
May 2024	21		
June 2024	34	97	32
July 2024	42	104	35
August 2024	28	81	27
September 2024	11		

Shanti thinks that recent governments have not given enough help to small businesses, such as SSL. During the pandemic there was a temporary cut in the basic rate of Value Added Tax (VAT) from 20% to 5% for certain businesses – which did not include sewing businesses. Shanti is strongly in favour of a permanent cut in VAT.

SSL has certainly faced challenges since it was established, but Shanti is proud of her achievements and considers her business to be a success.

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NB: SSL is a real business. However, to protect sensitive information, the name of the business, its location, and its owner’s name have been changed.

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